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RUEHKA/AMEMBASSY DHAKA PRIORITY 1087  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 3894  
RUEHLO/AMEMBASSY LONDON PRIORITY 5201  
RUEHML/AMEMBASSY MANILA PRIORITY 1727  
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0087  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1252  
RUEHCI/AMCONSUL KOLKATA PRIORITY 3330  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2569  
RUEKJCS/SECDEF WASHDC PRIORITY  
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RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000689

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SUBJECT: NEW MAOIST MINISTER FOR LOCAL DEVELOPMENT AIMS TO  
PLEASE

REF: KATHMANDU 669

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d)

Summary

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11. (C) Newly appointed Minister of Local Development Dev Gurung told AmCit Robert Bestani (please protect) April 3 that the Communist Party of Nepal (Maoist) (CPN-M) recognized it was part of a coalition government and would have to accept the government consensus. Gurung stressed the need for elections and voiced concern about corruption and the absence of law and order. Gurung claimed to Bestani, who is the Director General of the Private Sector Finance Department at the Asian Development Bank and a former U.S. Treasury official, that he favored the use of the private sector to allocate resources and welcomed foreign investment. But the Local Development Minister also expressed the need for the government to play a stronger role in the economy. Gurung, who was affable and dressed simply, explained that he took his greatest inspiration from Marx and Lenin.

Maoists Part of a Coalition

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12. (C) On April 3, Dev Gurung, who was appointed Minister of Local Development in the Interim Government formed April 1 (reftel), told AmCit Robert Bestani several times that the CPN-M was very much aware it was part of a minority in the coalition government. As a result, its five ministers would need to go along with the broader consensus. Gurung, who is also the Maoists' Chief Whip (the party's number 2) in the Interim Parliament and a Central Committee member, mentioned several times that the Maoists were committed to holding Constituent Assembly elections in June. The Local Government Minister also noted he and his fellow Maoists were very concerned with the high level of corruption, the ongoing threats to public safety and the lack of law enforcement.

Private Sector Good, But ...

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¶3. (C) Gurung claimed to Bestani, who is the Director General of the Private Sector Finance Department at the Asian Development Bank and a former U.S. Treasury official, that he supported the private sector. The private sector was the most efficient way to allocate resources. Gurung added that his party colleagues shared this view and therefore welcomed privatization of state enterprises and direct foreign investment. Nevertheless, the Minister also commented that roles of the Nepali government and the private sector were not in their proper balance. The government and the public sector were not playing as strong a role as they should in the economy, which was leading to problems. He did not elaborate. Gurung underscored his belief in socialism.

Gurung: Marxist With a Smile  
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¶4. (C) Bestani described the Local Development Minister as engaging, affable on a personal level and easygoing with a quick, almost permanent smile. He had a basic knowledge of English, but seemed insecure using it, preferring to rely on an interpreter. However, during the course of the meeting, he jumped in with a sentence or two in English without any prompting. Gurung was dressed in simple shades of gray. With respect to his political views, the Minister agreed with Bestani that communism had changed greatly over the past twenty or thirty years. Gurung stated that Deng Xiaoping had made major mistakes and indicated that the Chinese Communists had moved in the wrong direction. Nepal's Maoists had a much closer affinity, he noted, to Mao than Deng. Stalin had made

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mistakes that Brezhnev further compounded, and Gorbachev was the worst offender of all. When pressed as to his heroes, Gurung said he took his greatest inspiration from Marx and Lenin.

Comment  
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¶5. (C) According to the Asian Development Bank official, the Local Development Minister is reasonably intelligent and intellectual. The Maoist referred during their discussion April 3 to economic concepts such as comparative advantage, factors of production and societal benefits. In the lead-up to the formation of the Interim Government, Gurung was often the person the Maoists touted as their economic expert, so that comes as no surprise to post. What is also unsurprising to us is that Gurung tried, according to Bestani, to tell his visitor what he wanted to hear. At the same time, however, the inconsistencies between his professed support for the private sector and his underlying message were glaring. The good news, as even this Maoist minister seems to realize, is that that the Maoists do not have the power in the Interim Government to push through their desired Marxist-Leninist economic policies. The bad news is that their views have not changed, and given a chance, they will implement them.  
MORIARTY